

The results of 9 months of 2017



VILKYŠKIŲ PIENINĖ AB
GROUP

SIGNIFICANT EVENTS IN 9 MONTHS OF 2017

- Since the beginning of the year Vilkyškių pieninė AB started export to the **Chinese market**. Mozzarella cheese, which is produced in the company, is the first cheese made in Lithuania and exported to China.
- Vilkyškių pieninė AB updated and expanded the range of products. The new curd spread with black pepper of “Vilkyškių” line and the new “Murr” line yoghurt drink of watermelon and mango - Arizona were introduced. Also the new yogurt of “Vilkyškių” line with blackberries and raspberry taste yogurt drink was introduced. Vilkyškių pieninė AB “Murr” slurry line added the new taste of maple syrup and “Vilkyškių” line added the new taste of blackcurrant. New “Murr” line yoghurt desserts were also introduced: it’s the most favourite dessert tastes - bananas and especially recently discovered coconut water!
- Fresh products line of “Kelmė” was updated. This brand is for the purpose to compete on the the market of traditional fresh dairy products by offering high quality and best price for customers. The line is for Lithuanian and Latvian markets.
- New brand - **GymON protein cocktails for athletes**. Whey Protein Concentrate is widely used in the sports nutrition industry. Three flavors of cocktails were introduced: vanilla, strawberry and chocolate. Cocktails are intended for people who seek to grow muscle mass, restore strength after exercise or control their weight. Own website www.gymON.eu has been created so customers can purchase the product directly from the producer - Vilkyškių pieninė AB. For sales in Western Europe, the site is designed not only in Lithuanian but also in English and German. GymOn communication projects (on-line marketing, events sponsorship, product sampling) have been started. The main purpose is to build brand popularity.
- From June, trade of GymON products by **Amazon** platform was started. The products are sold through the Fulfilled by Amazon (FBA) system, when customer service is provided by Amazon. The target Market - Germany.

SIGNIFICANT EVENTS IN 9 MONTHS OF 2017

Achievements

- In March, VILKYŠKIŲ curd spread with greenery has been announced to be the most popular product in curd spreads category in competition **“Most Popular Product 2016”**. 32 suppliers and producers took place in the competition. Winners have been selected by evaluating highest sales during 2016. Most popular product had to meet the additional quality criteria. State Food and Veterinary Service together with State Consumer Rights Protection Authority monitored if nominated product had not gained any penalties for quality or safety during the last 24 months.
- On April 21, Vilkyškių pieninė AB has been declared as the **Lithuanian investor of the year 2016**. The title has been gained for investing in the development of the production base in Taurage, allocating 26 million eur to investments and creating new work places in region.

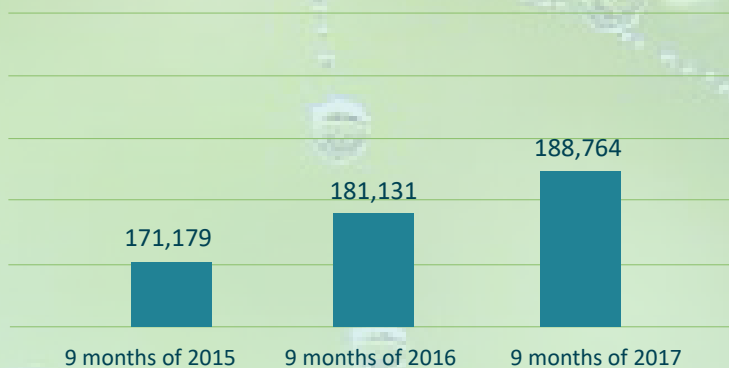
Exhibitions

- In February, the company traditionally participated in the **international exhibition in Dubai, Gulfood 2017**, in the United Arab Emirates. At the exhibition hosted meetings with current and future customers, several new contracts were signed.
- On April 6-9 “GymON” products were presented at the international sports exhibition in Germany, Frankfurt - **FIBO**.
- On May 17 - 19 Vilkyškių pieninė AB participated in the largest Asian food exhibition in Shanghai **“SIAL China 2017”**
- On June 25-27, New York Summer Fancy Food Show, the largest food industry exhibition in North America, was held in New York. During the exhibition, Vilkyškių pieninė AB introduced cheeses for the American market, had meetings with new possible customers.

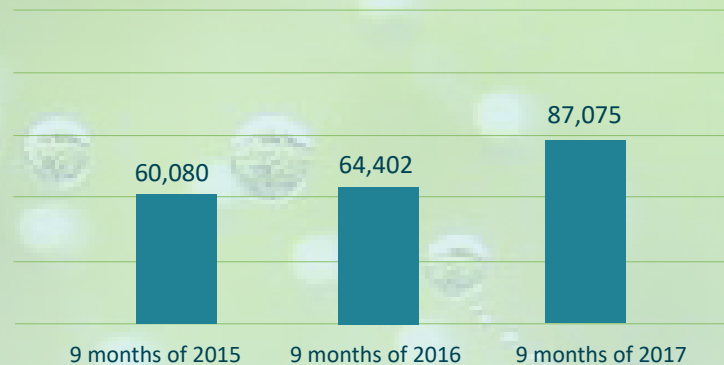
MAIN FINANCIAL INDICATORS

| | 9 months of 2015 | 9 months of 2016 | 9 months of 2017 |
|------------------------------------|---------------------|---------------------|---------------------|
| Revenue (thousands EUR) | 60,080 | 64,402 | 87,075 |
| EBITDA (thousands EUR) | 2,697 | 4,533 | 9,488 |
| EBITDA margin (%) | 4.5% | 7.0% | 10.9% |
| Net profit (thousands EUR) | 627 | 2,240 | 6,276 |
| Profit margin (%) | 1.0% | 3.5% | 7.2% |
| Quantity of purchased milk, t | 171,179 | 181,131 | 188,764 |
| Profit (loss) per share (EUR) | 0.05 | 0.19 | 0.53 |
| Net financial debt (thousands EUR) | 22,898 | 29,003 | 29,167 |

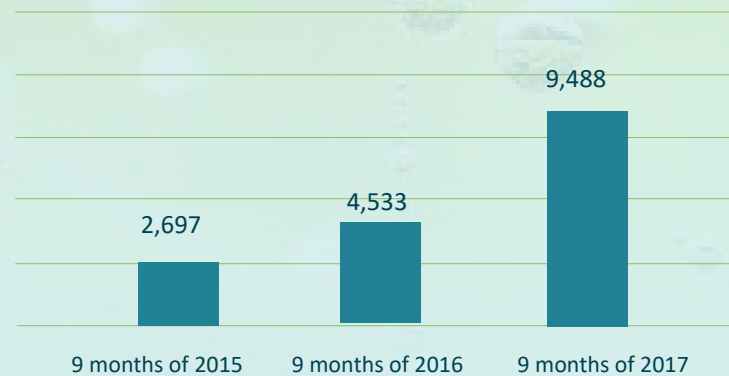
QUANTITY OF PURCHASED MILK, T



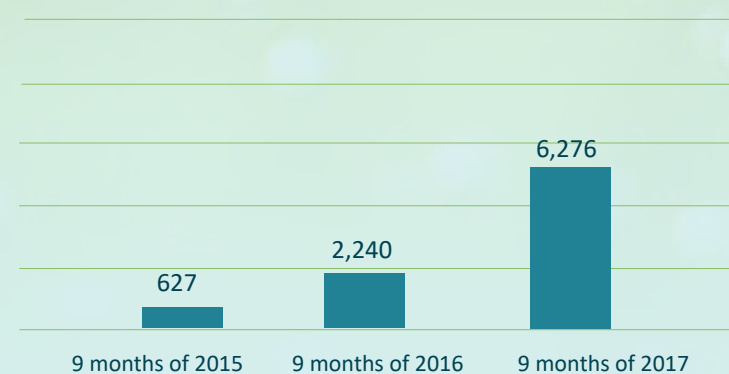
REVENUE (THOUSANDS EUR)



EBITDA (THOUSANDS EUR)

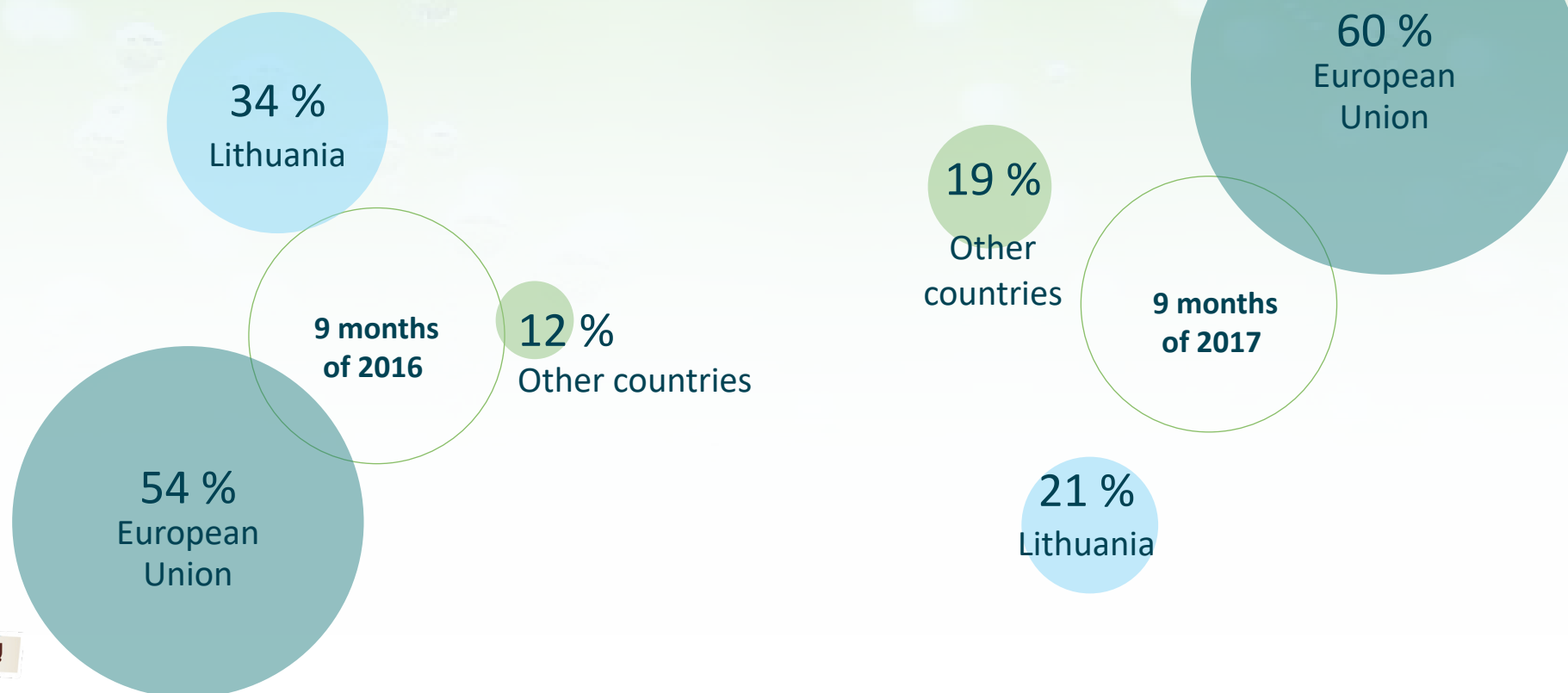


NET PROFIT (THOUSANDS EUR)



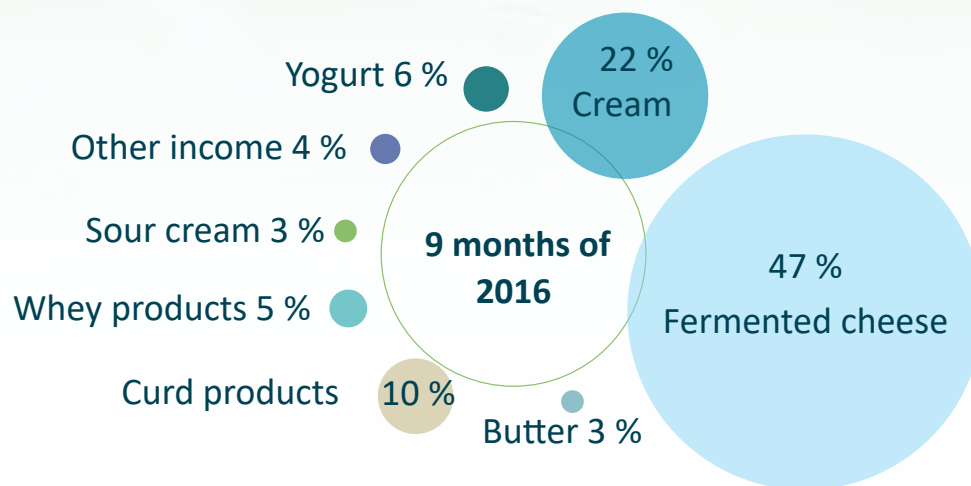
SALES MARKETS

| (Thousands EUR) | 9 months of 2016 | | 9 months of 2017 | |
|-----------------|------------------|-----|------------------|-----|
| Lithuania | 21,814 | 34% | 18,731 | 21% |
| European Union | 34,777 | 54% | 51,997 | 60% |
| Other countries | 7,811 | 12% | 16,347 | 19% |
| Total: | 64,402 | | 87,075 | |



INCOME FROM SOLD PRODUCTION

| (Thousands EUR) | 9 months of 2016 | | 9 months of 2017 | |
|------------------|------------------|-----|------------------|-----|
| Fermented cheese | 30,343 | 47% | 38,519 | 44% |
| Cream | 13,945 | 22% | 29,394 | 34% |
| Whey products | 3,449 | 5% | 4,563 | 5% |
| Sour cream | 2,135 | 3% | 1,571 | 2% |
| Curd products | 6,635 | 10% | 6,097 | 7% |
| Yogurt | 3,505 | 6% | 3,096 | 3% |
| Butter | 1,757 | 3% | 1,447 | 2% |
| Other income | 2,633 | 4% | 2,388 | 3% |
| Total: | 64,402 | | 87,075 | |



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Thousand EUR | 30 09 2017 | 31 12 2016 |
|---|---------------|---------------|
| ASSETS | | |
| Property, plant and equipment | 52,642 | 49,065 |
| Intangible assets | 6,970 | 7,020 |
| Long-term receivables | 287 | 342 |
| Non-current assets | 59,899 | 56,427 |
| Inventories | 10,074 | 10,373 |
| Trade and other receivables | 11,886 | 6,968 |
| Prepayments | 547 | 365 |
| Cash and cash equivalents | 111 | 229 |
| Current assets | 22,618 | 17,935 |
| Total assets | 82,517 | 74,362 |
| EQUITY | | |
| Share capital | 3,463 | 3,463 |
| Share premium | 3,301 | 3,301 |
| Reserves | 5,081 | 5,129 |
| Retained earnings | 21,926 | 16,977 |
| Total equity attributable to the shareholders of the Company | 33,771 | 28,870 |
| Non-controlling interest | 48 | 45 |
| Total equity | 33,819 | 28,915 |
| LIABILITIES | | |
| Interest-bearing loans and lease liabilities | 20,834 | 21,611 |
| Derivative financial instruments | 88 | 154 |
| Government grants | 2,672 | 2,942 |
| Deferred tax liabilities | 1,628 | 820 |
| Non-current liabilities | 25,222 | 25,527 |
| Interest-bearing loans and lease liabilities | 8,333 | 8,697 |
| Current tax liabilities | - | 71 |
| Derivative financial instruments | 88 | 83 |
| Trade and other payables, including derivatives | 15,055 | 11,069 |
| Current liabilities | 23,476 | 19,920 |
| Total liabilities | 48,698 | 45,447 |
| Total equity and liabilities | 82,517 | 74,362 |

CONSOLIDATED INCOME STATEMENT

| Thousand EUR | 01.01.2017- 30.09.2017 | 01.01.2016- 30.09.2016 | 01.07.2017- 30.09.2017 | 01.07.2016- 30.09.2016 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| Revenue | 87,075 | 64,402 | 30,205 | 26,845 |
| Cost of sales | -71,901 | -56,975 | -23,037 | -22,071 |
| Gross profit | 15,174 | 7,427 | 7,168 | 4,774 |
| Other operating income | 198 | 190 | 65 | 60 |
| Distribution expenses | -3,437 | -2,999 | -1,499 | -936 |
| Administrative expenses | -4,348 | -1,999 | -2,804 | -794 |
| Other operating costs | -111 | -133 | -35 | -40 |
| Result from operating activities | 7,476 | 2,486 | 2,895 | 3,064 |
| Finance income | 24 | 6 | 2 | 1 |
| Finance costs | -417 | -525 | -122 | -127 |
| Net finance expenses | -393 | -519 | -120 | -126 |
| Profit before income tax | 7,083 | 1,967 | 2,775 | 2,938 |
| Income tax expense | -807 | 273 | -317 | -162 |
| Profit for the period | 6,276 | 2,240 | 2,458 | 2,776 |
| Attributable to: | | | | |
| Shareholders of the Group | 6,273 | 2,239 | 2,456 | 2,775 |
| Non-controlling interest | 3 | 1 | 2 | 1 |
| Net profit (loss) for the year | 6,276 | 2,240 | 2,458 | 2,776 |
| Basic earnings per share (EUR) | 0.53 | 0.19 | 0.21 | 0.23 |

CONSOLIDATED STATEMENT OF CASH FLOWS

Thousand EUR

| | 2017.01.01- 2017.09.30 | 2016.01.01- 2016.09.30 |
|--|---------------------------|---------------------------|
| Cash flows from operating activities | | |
| Profit for the year | 6,276 | 2,240 |
| Adjustments: | | |
| Depreciation of property, plant and equipment | 2,266 | 2,287 |
| Amortization of intangible assets | 61 | 59 |
| Amortization and write down of grants | -315 | -299 |
| Profit (loss) from disposal of property, plant and equipment | -19 | 2 |
| Income tax expense | 807 | -273 |
| Interest expenses, net | 393 | 517 |
| | 9,469 | 4,533 |
| Change in inventories | 299 | 3,553 |
| Change in long-term receivables | 55 | 89 |
| Change in trade and other receivables and prepayments | -5,106 | -1,741 |
| Change in trade and other payables | 3,730 | 14,395 |
| | 8,447 | 20,829 |
| Paid interest | -563 | -530 |
| Paid profit tax | -69 | -8 |
| Other financial expenses | -42 | -113 |
| Net cash from operating activities | 7,773 | 20,178 |
| Cash flows from investing activities | | |
| Acquisition of plant and equipment | -4,555 | -26,690 |
| Acquisition of intangible assets | -11 | -49 |
| Proceeds from sale of plant and equipment | 67 | 1 |
| Acquisition of the subsidiary's shares | - | -3 |
| Loans granted | - | - |
| Loans repaid | - | - |
| Interest received | - | - |
| Net cash flows used in investing activities | -4,499 | -26,741 |
| Cash flows from financing activities | | |
| Loans received | 2,146 | 22,803 |
| Repayment of borrowings | -4,150 | -16,052 |
| Dividends paid | -1,433 | -41 |
| Government grants received | 45 | 25 |
| Net cash flows from financing activities | -3,392 | 6,735 |
| Increase (decrease) in cash and cash equivalents | -118 | 172 |
| Cash and cash equivalents at 1 January | 229 | 154 |
| Cash and cash equivalents at 30 September | 111 | 326 |



ADDITIONAL INFORMATION



ABOUT THE COMPANY

Vilkyškių pieninė AB was established in 1993

On the 30th of September 2017 the Group had 925 employees

The production of Dairy products is the core of Group business

Company's share capital amounts to 3.5 million Eur

The Company issue is included in the Official List of AB NASDAQ OMX Vilnius.

The ISIN code of the securities: LT0000127508, Ticker symbol: VLP1L.

Standards: ISO 22000:2005 and FSSC 22000

COMPANIES OF THE GROUP

Vilkyškių pieninė AB

Parent Company
Established in 1993

The production of
cheese, cream, whey

“Modest” AB

The subsidiary
Company
Established in 1992

The production of
melted smoked
cheese, cheese with
mould, mozzarella,
other kinds of cheese

Kelmės pieninė AB

The subsidiary
Company
Established in 1993

The production
of fresh dairy
products

“Pieno logistika” AB

The subsidiary
Company
Established in 2013

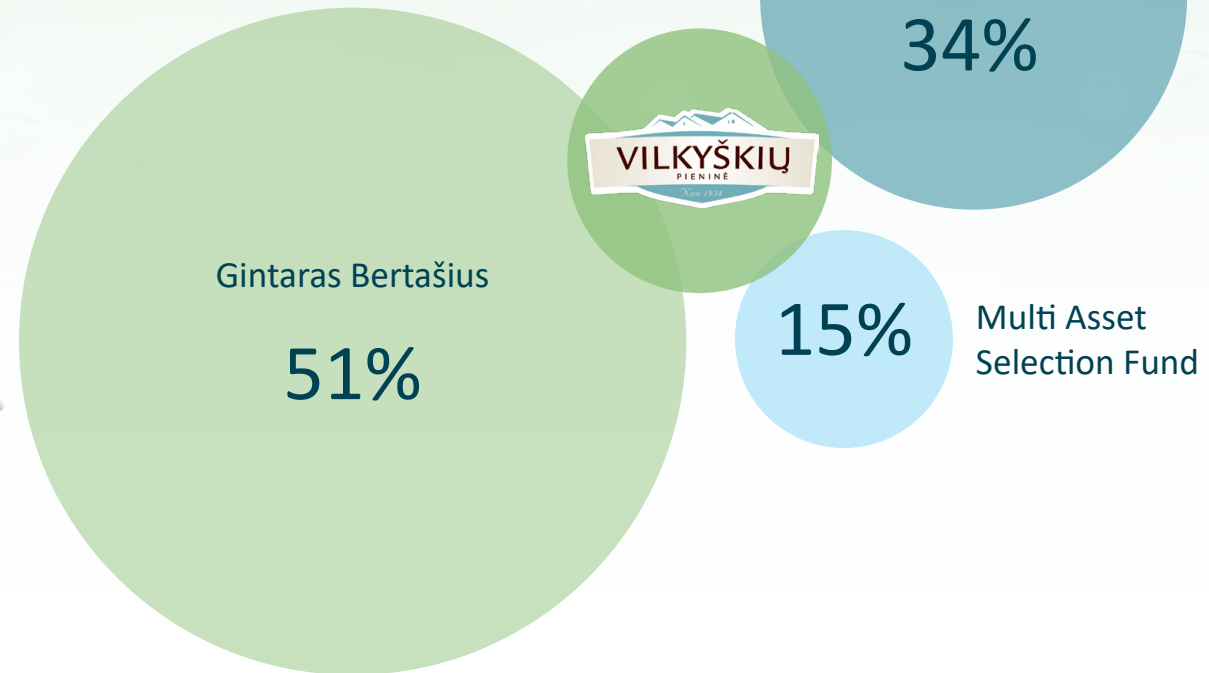
Rental of buildings

SHORT HISTORY OF THE COMPANY



SHAREHOLDERS

| Shareholder | Shares | Ownership interest |
|----------------------------|------------|--------------------|
| Gintaras Bertašius | 6,067,206 | 51% |
| Multi Asset Selection Fund | 1,765,459 | 15% |
| Other shareholders | 4,110,335 | 34% |
| Capital in total: | 11,943,000 | 100% |



VILKYŠKIŲ PIENINĖ AB SHARE PRICE VARIATION AND OMX VILNIUS INDEXES COMPARING 2016 OCTOBER - 2017 SEPTEMBER





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